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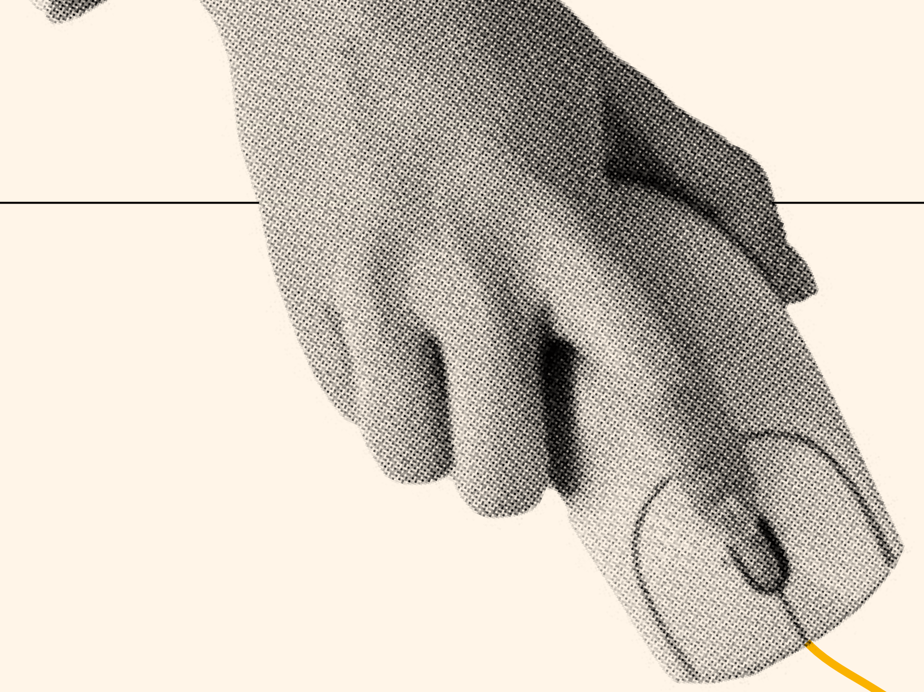
BEYOND THE BASKET

The cultural forces that are shaping how Gen Z shop



CONTENTS

FOREWORD

For Gen Z, the journey to purchase is not linear. It involves a complicated web of touchpoints cultural influences.

The notion of **brand love** is changing as **"hype" trend cycles speed up**, new brands emerge, stale brands die, dead brands are resurrected and iconic brands trailblaze by staying culturally tuned into the behaviors and attitudes of their communities.

In order to stay ahead of the curve, brands need to balance being omnipresent in the **hearts and minds** of their audience, by aligning to the attitudes and shared values of communities, while engineering a dynamic path to purchase that can flex to the expectations and needs of the individual, as well as the environment or context that they are appearing in.

CMOs need to consider how their retail strategy contributes to the brands' overall footprint in culture, in order to convert passive behavior into active. This means deeply understanding their customers' values, preferences, and behaviors and creating experiences that feel authentic and relevant.

To drive conversions, CMOs must understand that every element of their brand ecosystem is effectively now a shopwindow where they can integrate **culture to click-through,** and so must embrace the "messy middle" of the purchase journey.

If culture is to be a catalyst that can accelerate brand lust as well as maintain brand love, then experiences must be meaningful and consistent, allowing customers to effortlessly move from interest to active purchase. By making interactions feel natural, authentic and welcomed, brands can capitalize on moments of opportunity and create lasting customer relationships.

Supported by our Omnicom partner Flywheel, Beyond the Basket demonstrates our unique approach to retail (sales) by helping brands navigate culture and make meaningful connections with audiences, creating **culture that converts.**

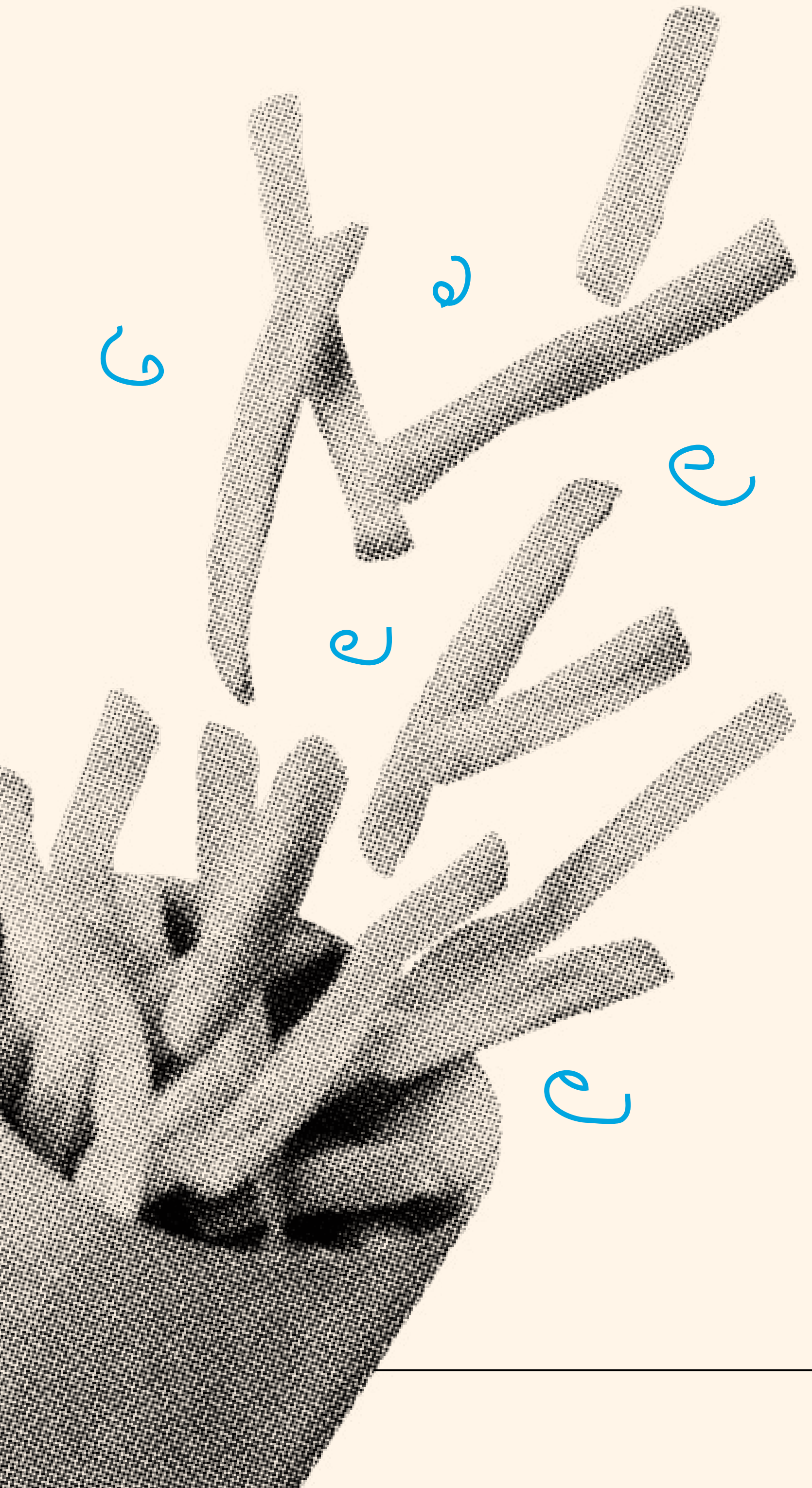
Lauren Winter, Global Managing Director of Consumer Culture

In partnership with digital commerce experts, Flywheel, Beyond the Basket demonstrates our unique approach to retail by creating memory structures.

CONTEXT

To Love or To Lust? That is the question

"We're used to 'Brand Love' as a North Star for measuring the effectiveness of our brand-building efforts; however, the post-pandemic speed of culture has brought 'Brand Lust' to the fore. 'Brand Lust' might be short term, but it still delivers commercial value and can set a foundation for making ongoing and meaningful connections with consumers that can lead to love. It's imperative for brands to understand the relationship between the two and how they move the dial between both." *Adam Wyatt, Head of Brand Strategy & Culture*

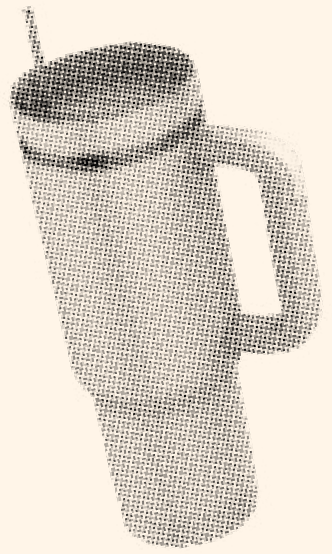


For both modern and traditional brands, there is a need to create lasting impact and meaning to maintain relevance and drive sales in a tumultuous environment (what we traditionally call "Brand Love").

Generations that precede Gen Z seemingly have a passion and loyalty for particular brands, even the ones that no longer exist today. Topshop was the epitome of cool, McDonald's fries were non-negotiables, and Pepsi was 'the choice for a new generation'. However, in today's micro trend society, this generation is either following them at speed — or entirely rejecting the notion of brand loyalty.

Gen Z no longer have the same passion and loyalty that older millennials felt toward these established brands (that have at times felt untouchable). We've seen some of the most iconic brands in the world sadly fade away against the turbulent economic backdrop; failing to evolve their product offering, marketing mix and platform choices to keep up with a new type of consumer.

However, with Gen Z shoppers embarking on a multi-platform and varied purchasing journey, we are seeing a new attitude emerge. The social-first nature of today's young consumers means they are often motivated by short-term, high-speed trends (called "hypecycles") which trade social currency for cultural credibility, and it's why we're seeing the sudden rise of global cultural phenomena such as the Stanley Cup. Although seemingly fleeting, even "trend-led" brands like PRIME have continued to have long-term success from being a hyped, sought-after brand, to sponsoring Arsenal F.C. and becoming established. Rather than focusing time, investment and energy into building brand loyalty, something which can take years to achieve but moments to lose, brands have built "Brand Lust" and are seeing phenomenal short-term results.



Being ahead of this curve is more important than the brand itself, and emerging brands can have a significant brand uplift over a very short period of time. However, to reach loyalty, you have to go through a much bigger process.

Our report will explore this concept to examine why Gen Z no longer display traditional brand love in the same way that other generations have in the past, and why micro and macro behaviors demonstrate the growing need for culture-first thinking in commerce.

CHAPTER ONE

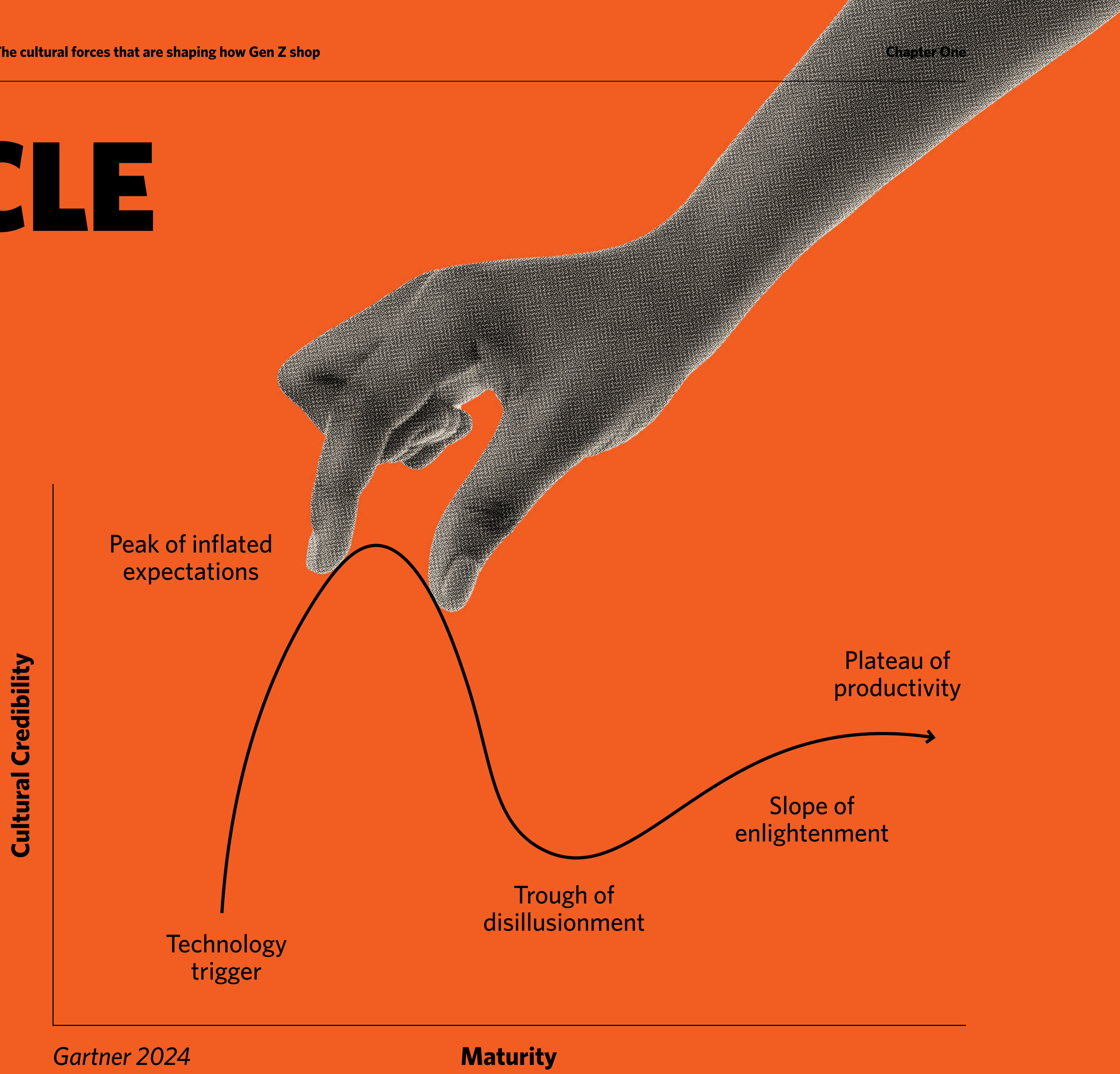
THE HYPECYCLE

Turning social currency into cultural credibility

In a rapidly changing marketplace where cultural trends and technologies are evolving at speed, brands need to understand how these factors impact consumer behavior and the purchasing model.

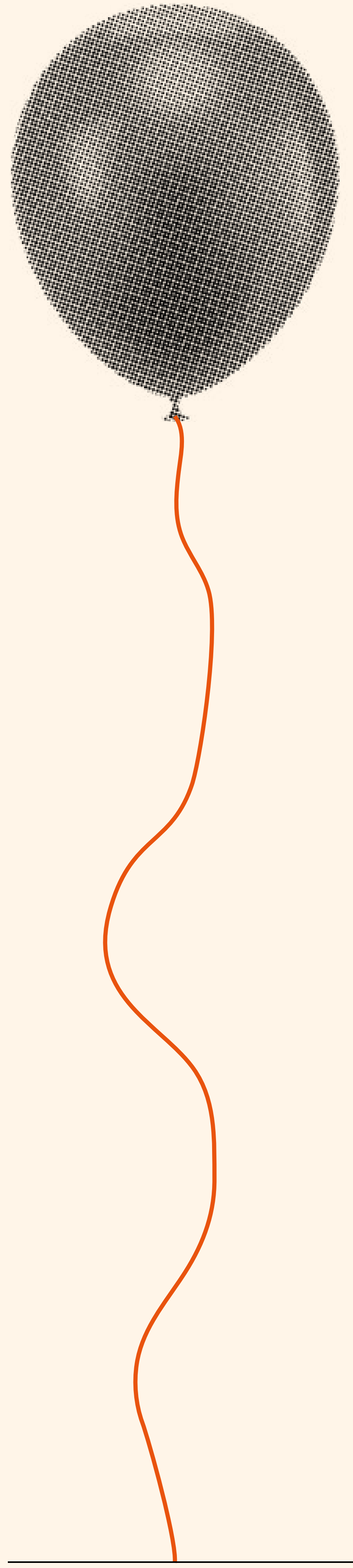
The "hypecycle" model (created by Gartner) traditionally shows the lifecycle of technological evolution, but can also help the journey that many brands go on to create "hype" or "consumer connection" and how brands can leverage this to tap into trends. While success is not purely formulaic, the cycle creates a loop of desirability that fuels consumer engagement and conversion, but without true audience understanding, this can turn into a fleeting connection with consumers (brand lust), rather than a meaningful connection (brand love).

If we know this "hypecycle" generates desirability, and supercharges it, where are the opportunities for brands to engage with shoppers?



Gartner 2024

THE SHOPPER HYPECYCLE



SHOPPER

INFLATED EXPECTATION (PEAK):

As the brand's initial fame hits its peak, there is a need to capitalize on this momentum through limited editions, partnerships and targeted shopper offers. However, the rapid dissemination of trends online can mean that the desirability quickly peaks, ahead of the inevitable fall.

PLATEAU OF PRODUCTIVITY:

After the peaks and dips, outside of loyal superfans, the target audience can go back to feeling neutral about the brand, with interest returning to similar levels pre-trigger.

We know that the hypecycle can help to build brand lust. But how can we use this to evolve to the next stage of brand love?

FEEDBACK LOOP

Following the plateau, the brand will go back to stage one with their newest innovation — initiating a new cycle of hype.

THE TRIGGER:

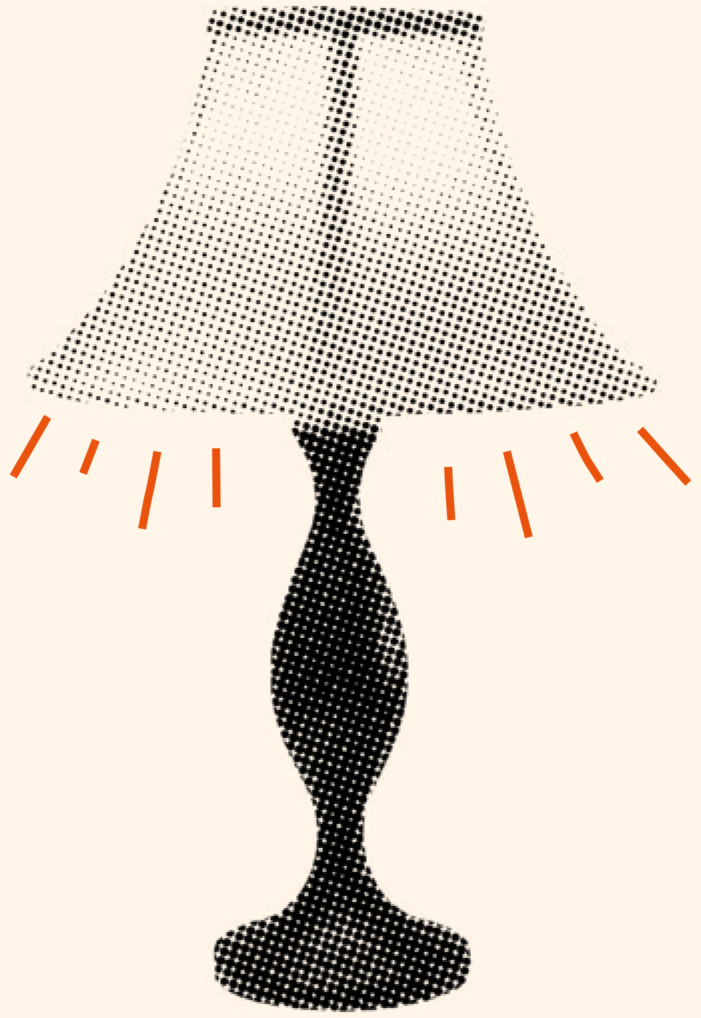
The "trigger" moment is when a brand creates interest and excitement, through cultural relevance and/or product innovation. This moment then gains visibility (often through social media) where they quickly engage with their target market — creating the upward hype moment

DISILLUSIONMENT:

As consumers grow fatigued by overexposure, be that on the shelves or social media (fueled by movements like de-influencing) negative opinions about the brand can emerge, as they feel the trend is "done."

ENLIGHTENMENT:

After the disillusionment, the brand has the opportunity to go back to the drawing board to create buzz and drive interest, and look at new ideas based on current cultural sentiments.



CHAPTER TWO

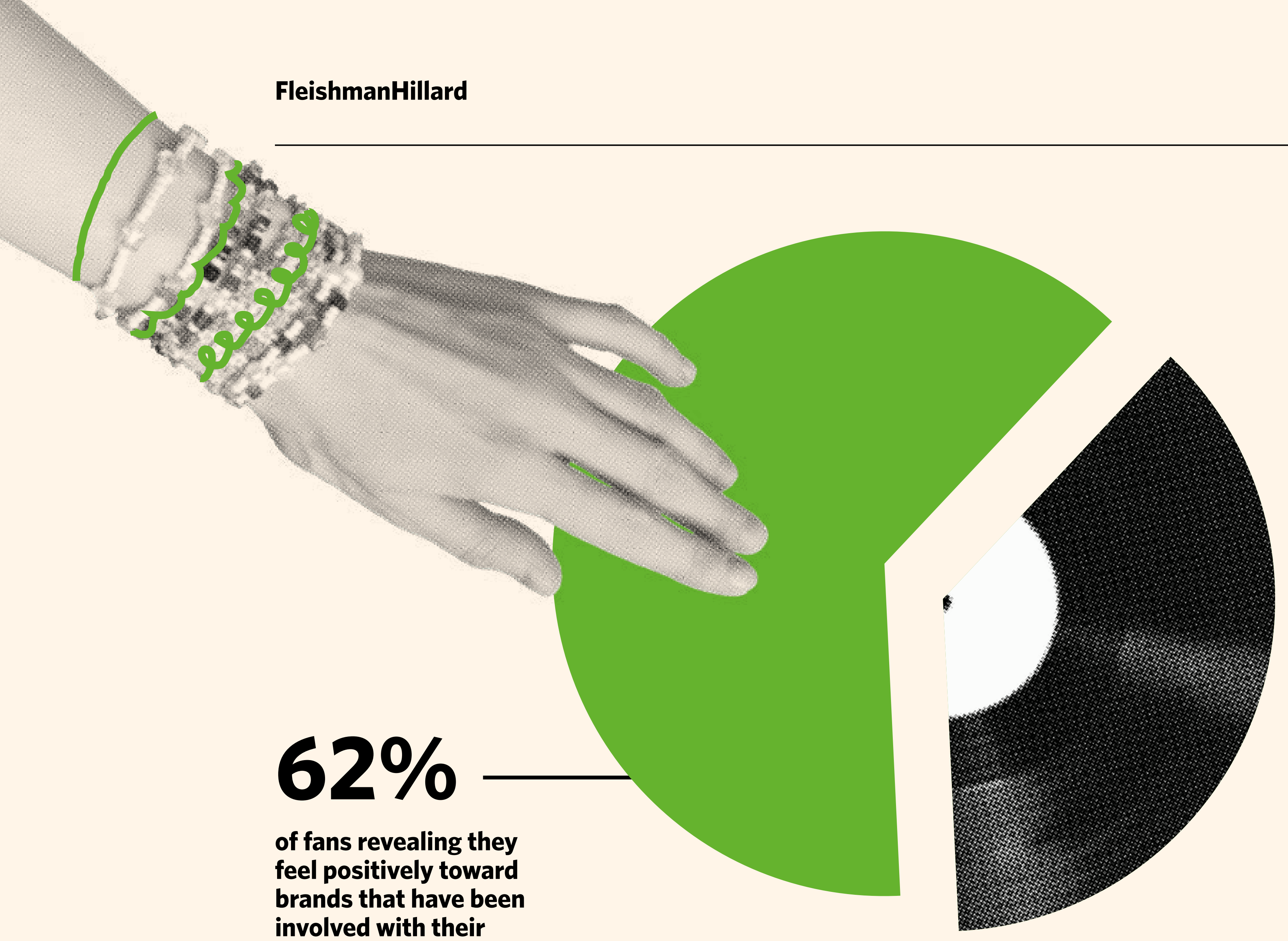
WHAT ARE THE MACRO TRENDS DRIVING GEN Z BEHAVIOR?

"Gen Z are different. They've grown up in a media age where the permacrisis is always on; therefore, they are looking for brands who offer entertainment and a sense of community and belonging, then connecting (converting) with the most 'innovative' and 'authentic'"

Adam Wyatt, Head of Brand Strategy & Culture

Gen Z (people born between 1996 and 2010) are a demographic with huge current and future purchasing power. Known as "digital natives," they've only ever experienced a world fueled by digitized social connections, with e-commerce and in-store experiences rapidly trying to catch up.

However, with many of this generation moving toward their mid-20s and shifting priorities, they are typically at an age where previous generations would have developed loyalty to the brands they've grown up with.



62%

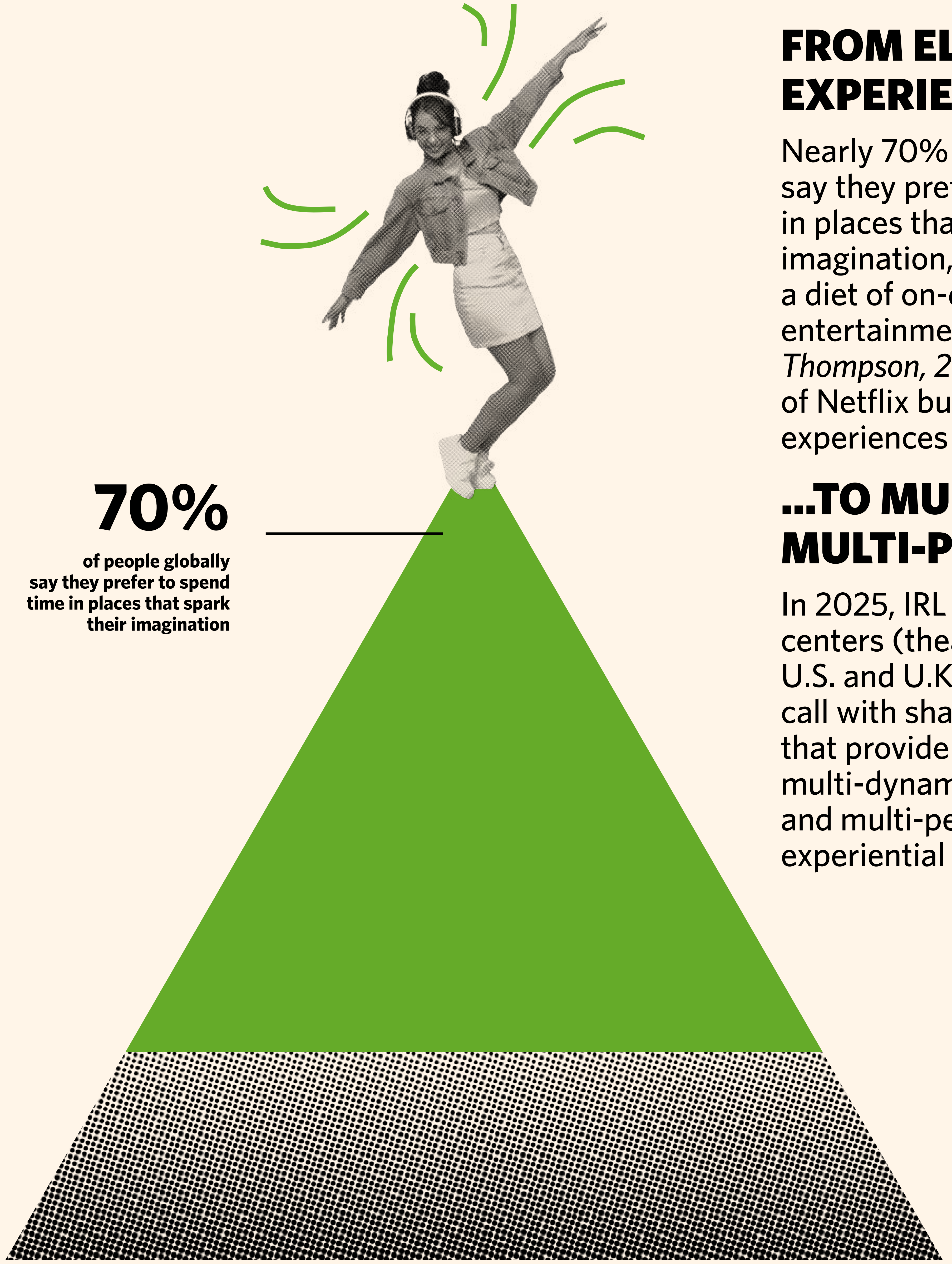
of fans revealing they feel positively toward brands that have been involved with their fandoms *(2023 Amazon Fan Engagement Report)*

FROM FANDOM...

We're well and truly in an era of fandom. It's big business, culturally and commercially. With 62% of fans revealing they feel positively toward brands that have been involved with their fandoms for extended periods of time, (2023 Amazon Fan Engagement Report) there is a huge opportunity for brands to tap into this, not just through merchandise and collaborations but also by understanding the nuances of fandom.

...TO FAN CLIQUES

Brands can move from marginal to mainstream by tapping into **Niche Culture**. With social platforms and their algorithms now working to serve up a more individualized experience, people are delving into evermore niche worlds of interest to further serve and demonstrate their individual sense of identity. **The market for vinyl records grew by 10.5%, with 6.7 million discs sold last year, generating £196m.** *(BBC, Jan, 2025)*



70%

of people globally say they prefer to spend time in places that spark their imagination

FROM ELEVATED EXPERIENCES...

Nearly 70% of people globally say they prefer to spend time in places that spark their imagination, having wearied of a diet of on-demand, at-home entertainment (*Wunderman Thompson, 2023*), with the House of Netflix building elevated experiences around fandoms.

...TO MULTI-DYNAMIC MULTI-PERSPECTIVES

In 2025, IRL (in real life) cultural centers (theater, music) in the U.S. and U.K. will answer this call with shapeshifting spaces that provide opportunities for multi-dynamic, multisensory and multi-perspective experiential entertainment.

"It's just a cup, but if you think about it, money is just paper," Lindsey says. "It's just a cup, but it represents something symbolic. It represents something aspirational. It represents being part of a group, an affiliation or a lifestyle."

Charles Lindsey, associate professor of marketing at the University at Buffalo School of Management

FROM CREATOR ENDORSEMENTS...

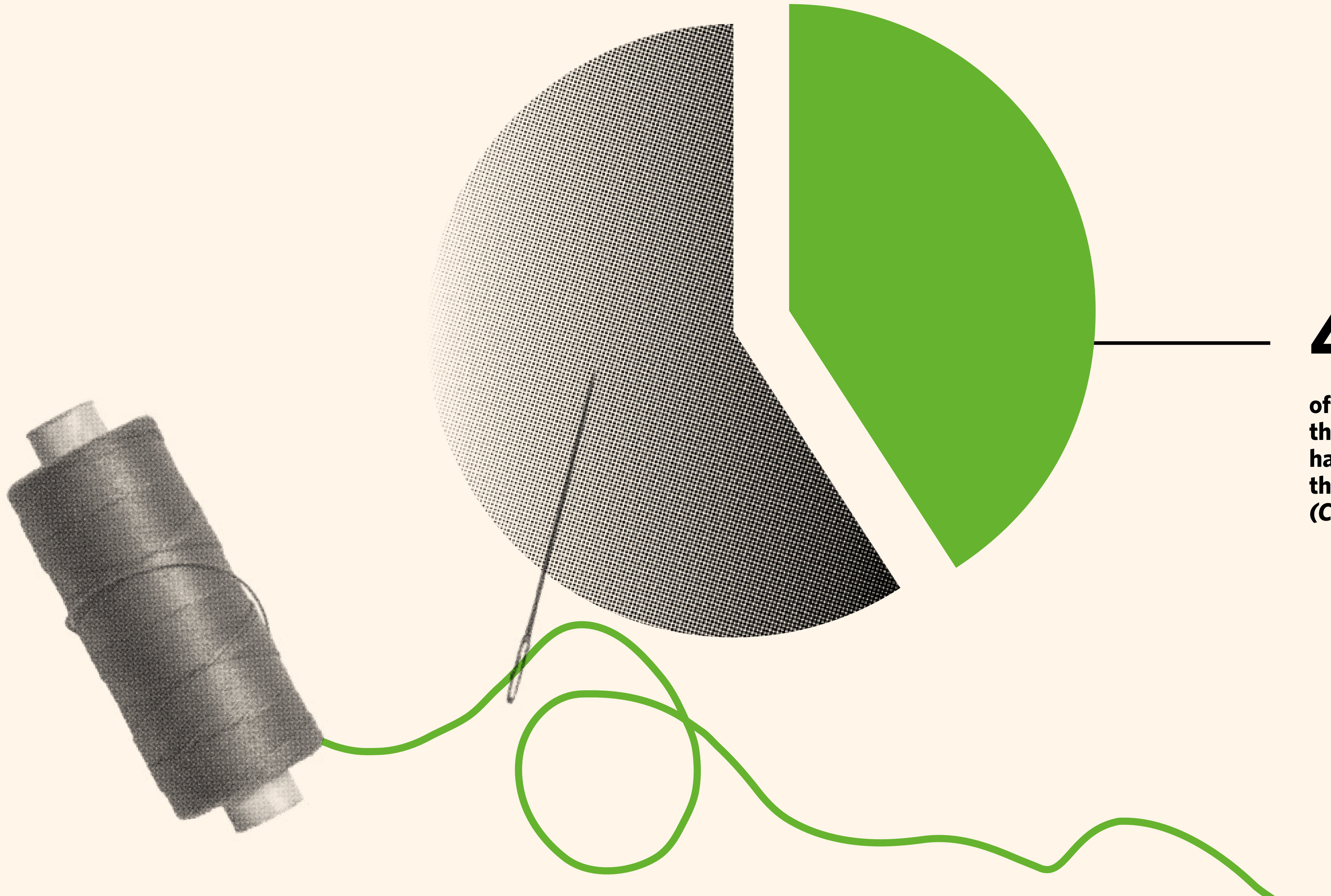
With Gen Z witnessing the rise and fall of celebrities and mega influencers daily, it's no surprise they are more skeptical about blindly following products endorsed by creators. We can see this shift as consumers are more likely to purchase from brands that share content made by real customers instead of traditional, sponsored influencer content. *(Entribe, 2023)*

...TO COMMUNITY-DRIVEN

In a post-pandemic world, we seek products that bring us joy, no matter how functional. Whether that's a Stanley cup, Colin the Caterpillar cake or a Lime bike. These iconic items show how brands can create hype just by tapping into their community fandom.

86%

of consumers are more likely to purchase from brands that share content made by real customers *(2023 Amazon Fan Engagement Report)*



41%

of young Britons say their overconsumption habits directly contradict their climate anxiety *(Canvas8, 2023)*

FROM SINGLE USE...

Gen Z has seen the evolving landscape of sustainability, with vintage, upcycling, and re-use and repair — all common things they expect across both offline and online experiences. But, with growing pressure on brands to show rather than just tell their customers how they are truly committing to the cause, Gen Z is skeptical of stats and figures.

...TO STRATEGIC SUSTAINABILITY

Forty-one percent of young Britons say their overconsumption habits directly contradict their climate anxiety. Rather than simply buying less, they are moving to “strategic sustainability” through charity shop hauls, clothes swaps, using apps like Vinted neutrally (i.e., only spending what you make through selling) and utilizing the rental market to counteract the guilt of impulsive purchasing.

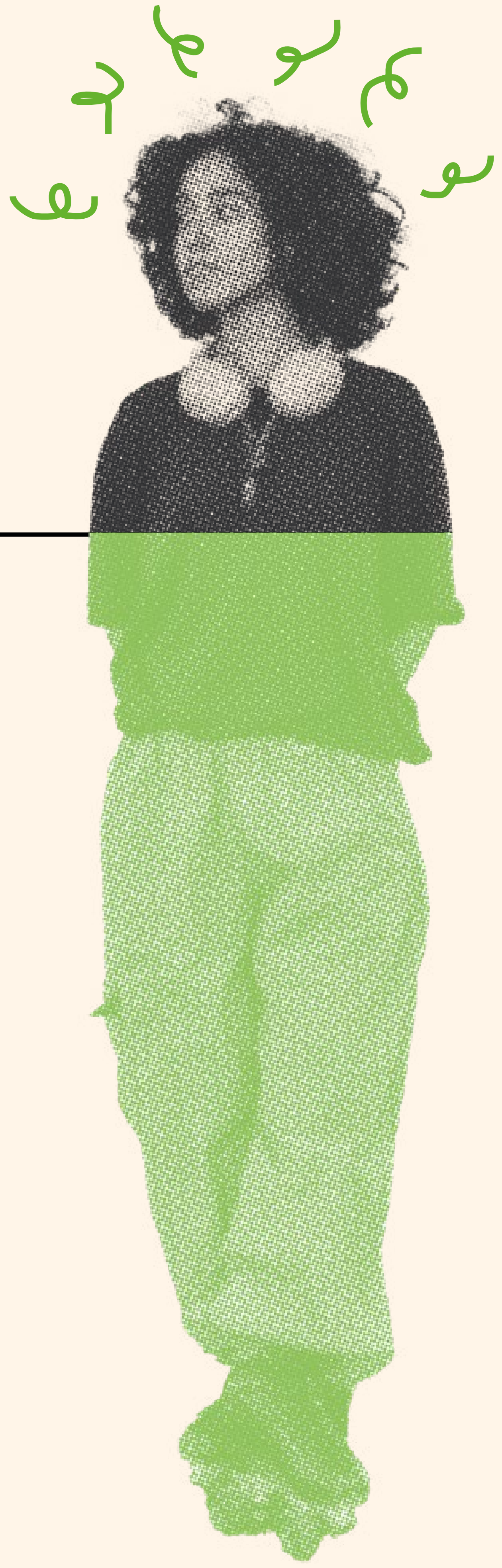
FROM MONTHLY MICRO TRENDS...

With the speed of social media trends moving faster than ever, Gen Z are split by those ready to embrace or reject the notion of a “viral aesthetic.” With fashion and culture evolving through TikTok feeds, the peak of the hypecycle is becoming ever faster — with influencers swiftly embracing the next look.

...TO THE POWER OF DEINFLUENCERS

To slow down the speed of the purchasing journey, influencers are now sharing the products that they DON’T recommend to their followers (called de-influencing), which has quickly become a trend in itself. Unlike sustainable shopping, de-influencing is focusing on buying less, rather than caring about the impact of the product.

MICRO LEVEL



87%

of Gen Z currently feel anxious about the future *(YMS Festival, 2024)*

34%

of people believing AI poses a risk to human connection *(YMS Festival, 2024)*

FROM ONLINE & OFFLINE BARRIERS...

While Gen Z have always embraced new technology, there has been a post-Covid desire to separate online and offline experiences. Gen Z are nostalgic — 87% currently feel anxious about the future, so they're looking back. AI is top of the agenda, with over a third (34%, YMS Festival 2024) believing it poses a risk to human connection.

...TO FLUID PURCHASING JOURNEYS

Rather than dismissing this tech, Gen Z are using it to fuel their online experience — while still engaging offline. In the U.S., Savage x Fenty is equipping changing rooms with scanning technology to create an anonymized custom avatar of each customer's body type to help match them with products that fitted other users who had similar profiles. This experience allows fans to continue purchasing online, knowing they can easily find products that fit at a later date (and resulting in less returns for the brand).

CHAPTER THREE

CULTURE TO CLICK-THROUGH — THE NEW ECOSYSTEM

"In a consumer's world of endless choices, brands that walk beside their consumers—not ahead or behind—build the strongest loyalty. Align with their values, move with their needs, and earn not just their business, but their trust. The future belongs to brands that don't just sell but serve."

Kalon Hodges,
Senior Consultant, Flywheel

While the goals of shopper marketing have largely remained the same throughout the past decade, cultural shifts affecting our values, influence, and technology are shaping how and where we shop.

With social shopping being taken to the next level by artificial intelligence and the rise of in-app shopping (namely TikTok) alongside economic instability and a desire for a more sustainable and purposeful way of purchasing, there is major change taking place. With this in mind, Flywheel Retail Insights has identified an ecosystem model to future-proof brands moving forward.

Retail Generations

Retail is undergoing rapid transformation, as digital acceleration inspires new business models and revenue streams. Flywheel Retail Insights, 2024, identifies five generations of retail evolution, which can be mapped back to individual markets and retailers, showing the growing significance of retailer ecosystems in shaping the future of selling. This means retailers must look to become more than just a place to purchase — and pivot toward being media, data and service providers, opening up new growth opportunities and ways to reach customers.

Leading e-commerce platforms such as Amazon and Alibaba are some of the most advanced brands in the retail ecosystem and are moving toward Generation 4 and 5 by moving beyond traditional retail models that span multiple verticals.

The five generations of retail

Generation 1

Informal & fragmented

- Local, independent, fragmented
- Limited distribution and wholesaler controlled

Generation 2

Chain concentration

- Mass market economics: power SKUs and national supply chains

Generation 3

Scaled e-commerce vs. stores

- E-commerce growth and flexible fulfillment
- Space rationalization

Generation 4

Algorithm-driven commerce

- Marketplaces consolidate into scaled platforms
- Ecosystem expansion into new verticals
- Consumer and data-driven supply chains
- Online-to-offline (O2O) propositions

Generation 5

Mass personalization

- Marketplaces master personalization at scale
- Ecosystem and social-driven commerce
- Big data effectively leveraged
- Fast-paced and agile manufacturers dominate trading

Level of ecosystem maturity →

The concept of retailer ecosystems, where retailers operate in verticals beyond "core" retail, becomes increasingly relevant in Generation 4 and Generation 5.

The AI Influence

The journey to purchase is no longer linear: Instead, it follows something Google calls the "messy middle," which involves a complicated web of touchpoints that are different for every shopper. *PWC's 2023 Global Consumer Insights report* found that consumers in the U.S., the U.K., Germany and France now regularly shop across several platforms before they make their final purchasing decision.

One of the newest trends that is transforming this space is the impact of AI online search, and how this impacts the retail journey. From AI-powered chatbots to voice-controlled assistants, retailers are leveraging this to personalize and refine the purchasing experience. According to Flywheel's Future Retail Disruption report 2024, "frictionless experiences on both the digital shelf and in stores will be increasingly commonplace as AI solutions evolve."

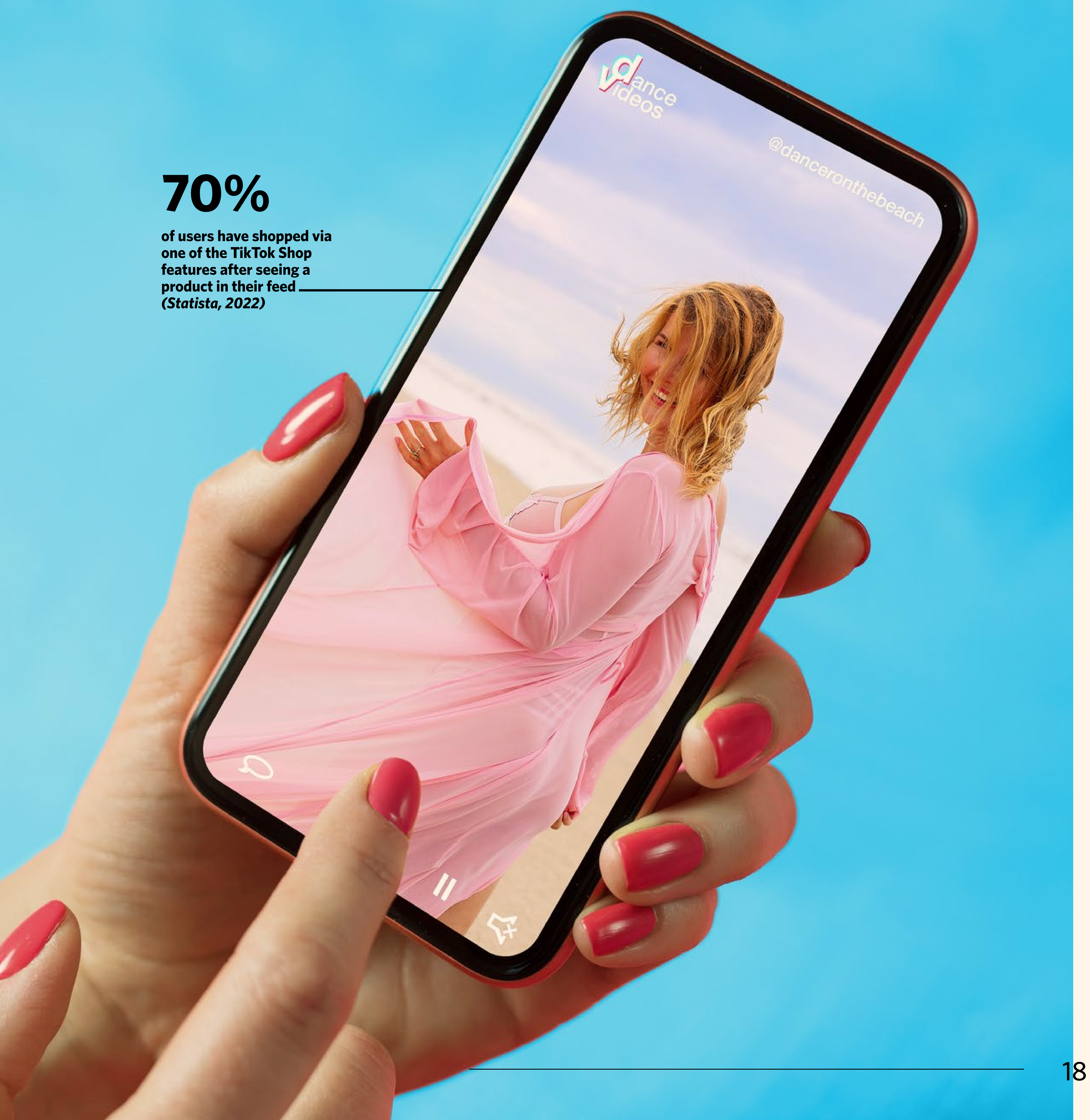
This evolution means that shoppers now expect — not simply want — an engaging, personalized and informative shopping experience across every touchpoint in the journey.

Social Shopping

Gen Z have seen the rise of technological advancement across digital purchasing — from simple QR codes, direct links via in-app social platforms to TikTok livestreams. They are open to new methods that make their purchasing journey easier, however, they automatically expect more from brands than any other generation. Globally, 82% of shoppers now buy via social media — a retail avenue predicted to surpass $6tn in value by 2030 (up 37% from 2023), Gen Z are ahead of this curve.

82%

of shoppers now buy via social media
(Stylus, 2023)



70%

of users have shopped via one of the TikTok Shop features after seeing a product in their feed *(Statista, 2022)*

Social Platforms As Retailers

With global social media platforms creating new ways to shop, sales are predicted to reach $8.5tn by 2030 (Statista, 2023). TikTok (Douyin in China) have dominated this space.

The social platform generated USD 106 billion in net sales in 2023, ranking sixth globally in terms of retailer e-commerce sales (Flywheel Retail Insights, 2024), with over 70% of users have shopped via one of the TikTok Shop features after seeing a product in their feed.

The app offers four ways for brands to sell, including the "Shop" tab, which is a multi-brand marketplace, and prerecorded or live videos through the brand's own page. Shoppable Videos (prerecorded in-feed videos) drive the majority (80%) of TikTok Shop's weekly brand sales in the U.K.

Despite being the leader in social shopping, TikTok is looking to other marketplaces as competitors, with fashion lead Broghan Smith revealing that they want to continue success by emulating the success of Amazon's Prime Day through a set period of exclusive deals in 2024/25.

Digital Disruption in the B2B sector

While not traditionally associated with fast-moving retail, Flywheel's Future Retail Disruption 2024 report shows that the business to business (B2B) sector is seeing increased growth due to competition from digital disruptors, as customers look for easier ways to purchase. Retailers such as Amazon and Alibaba are heavily investing in their roles as B2B marketplaces, encouraging other brands to identify relevant platforms and operators. According to Flywheel, Metro is a "one to watch" brand as it embraces digital transformation to provide a frictionless path to purchase.

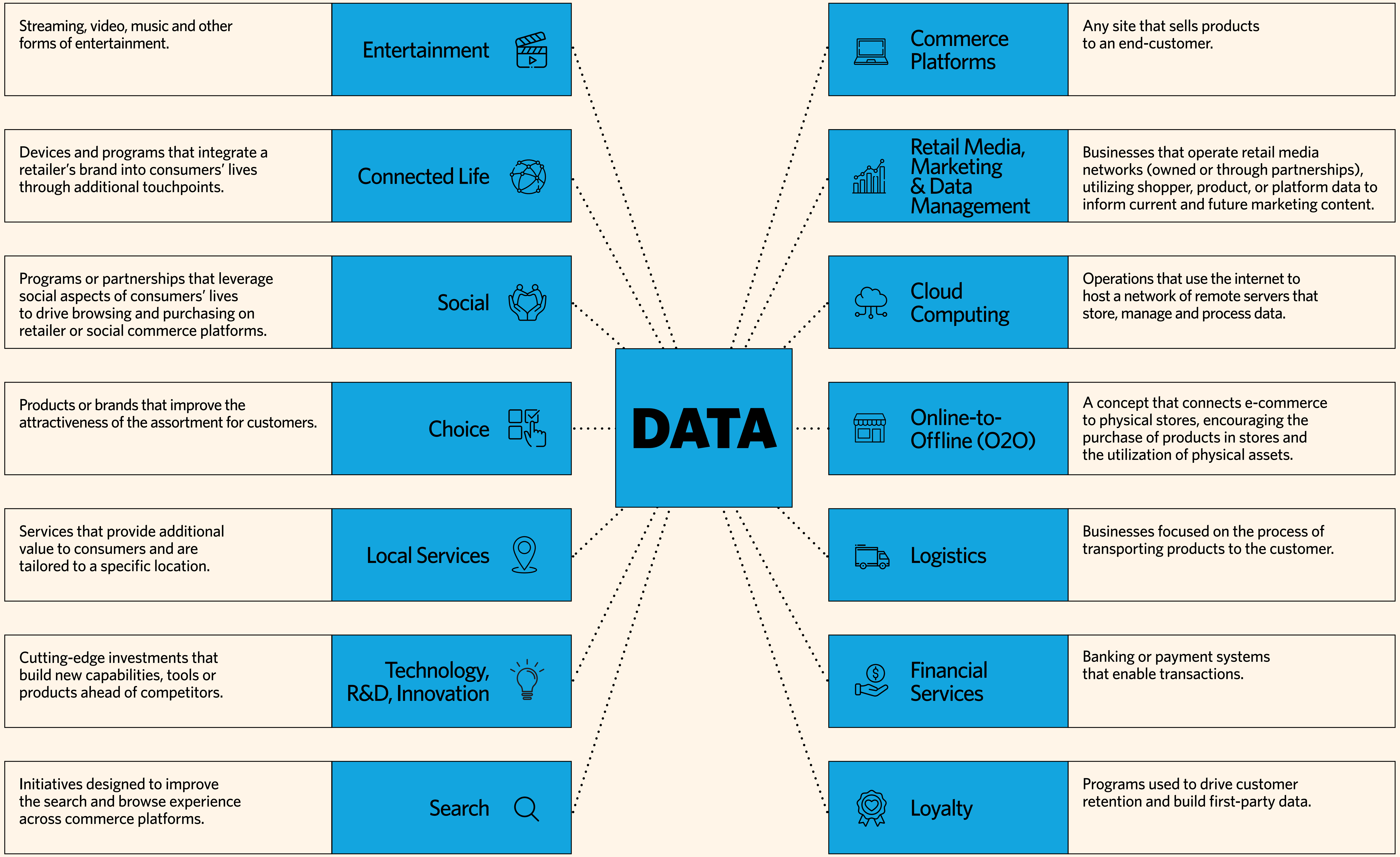
What's Next: Future retail evolution

While the drive to connect online and physical retail has been long documented, the most successful retailers are now looking at wider ecosystems that develop complementary verticals to connect with shoppers across multiple aspects of their everyday life.

According to the **Flywheel Retail Insights** Report, there are 14 verticals that retailers commonly do business in, spanning beyond core physical and online retail to include retail media and marketing, logistics and connected devices.

This ecosystem approach shows how retailers can extend their reach with shoppers by using different touchpoints to help create higher margin revenue streams and monetize existing assets they may have.

The ecosystem model explained



Future Outlook recommendation

Flywheel has identified that the smartest retailers will be moving towards Generation 5 in the retail ecosystem, with a focus on how to personalise the retail journey on a mass level.

"To maintain a compelling consumer experience, retailers will continue to strengthen generation 1 and 2 verticals, which are foundational to retail success. This includes offering a strong product selection, driving customer loyalty, and providing additional store-based services.

However, as retailers and markets move towards generation 4 and 5 – algorithm-driven, personalized commerce, key verticals will come into focus. For example, retailers will invest in technology and AI to create personalized interactions with shoppers.

Retail media and data management will also become more significant for precise targeting and measurement. Social commerce, entertainment and connected life will be important verticals to monitor as retailers aim to integrate their activities into consumers' everyday lives, for example through streaming TV, smart home devices and social media platforms" ***Flywheel Retail Insights, 2024, page 27***

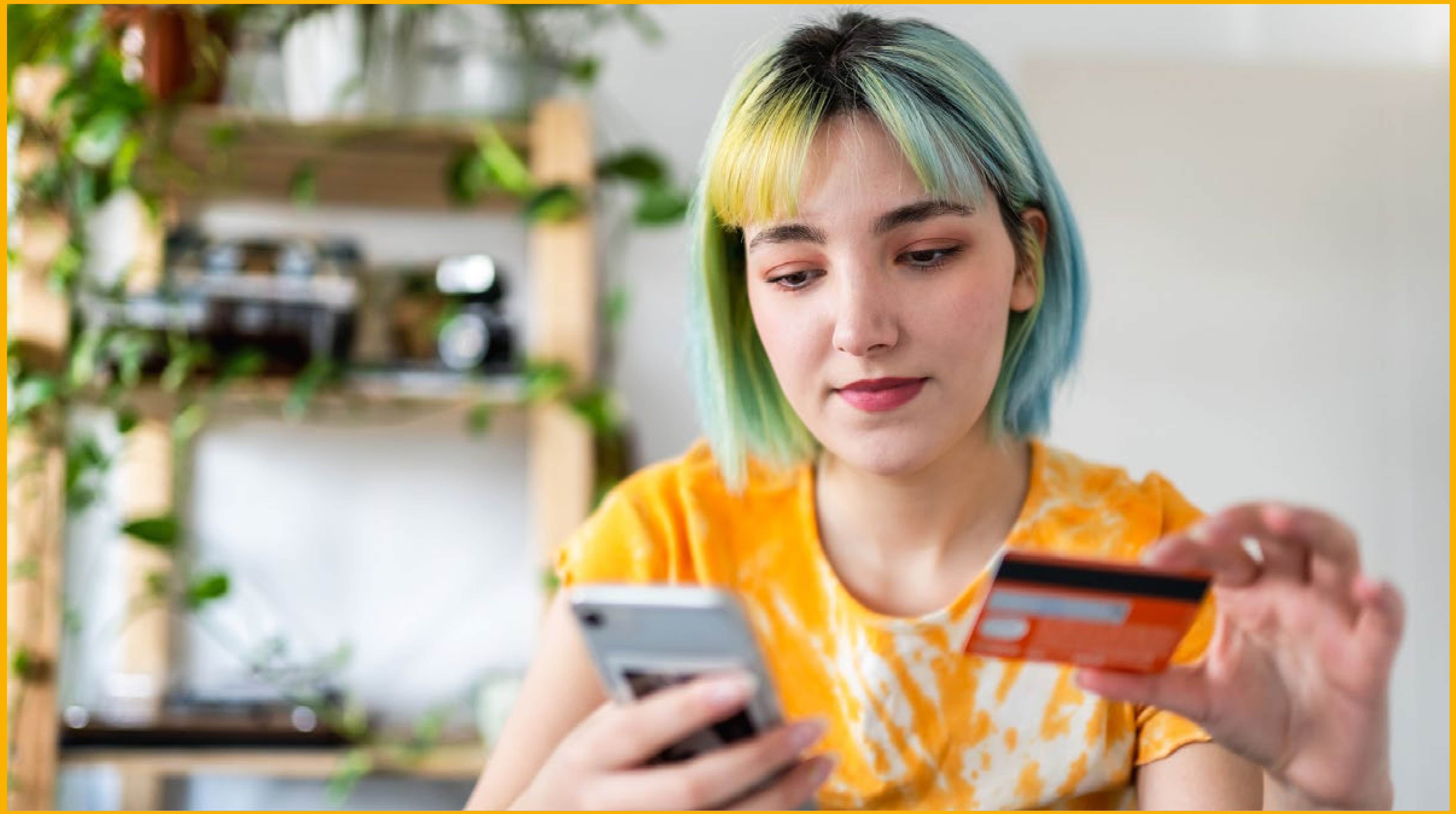
Brands should closely monitor these areas and build capabilities to support stronger partnerships with retailers across these verticals.

CHAPTER FOUR

WHAT DOES THIS MEAN FOR THE MODERN PURCHASE JOURNEY?

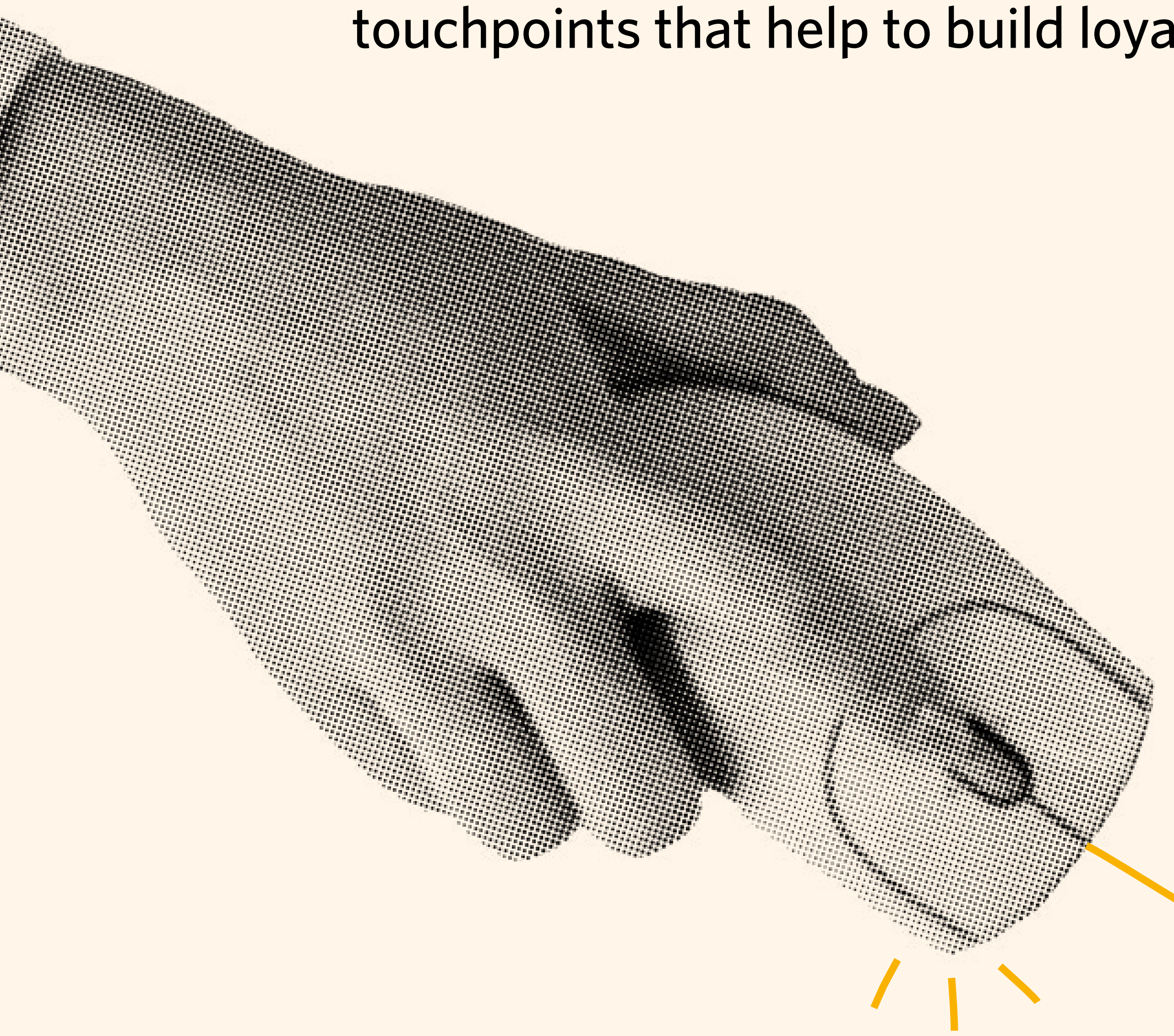
The purchasing journey is no longer split by physical and digital, and instead, consumers view the world (often played out on social media) as their shop window. Historically we have seen marketing briefs siloed in the same way, split by discipline with targeted briefs given to target customers during different touchpoints.

We understand that shopping helps us navigate and understand the world, yet macro and micro trends demonstrate that Gen Z are savvy to the convergence of customer, commerce and culture. It is vital that brands must look to emotionally engage their audience, no matter where they sit in the ecosystem.

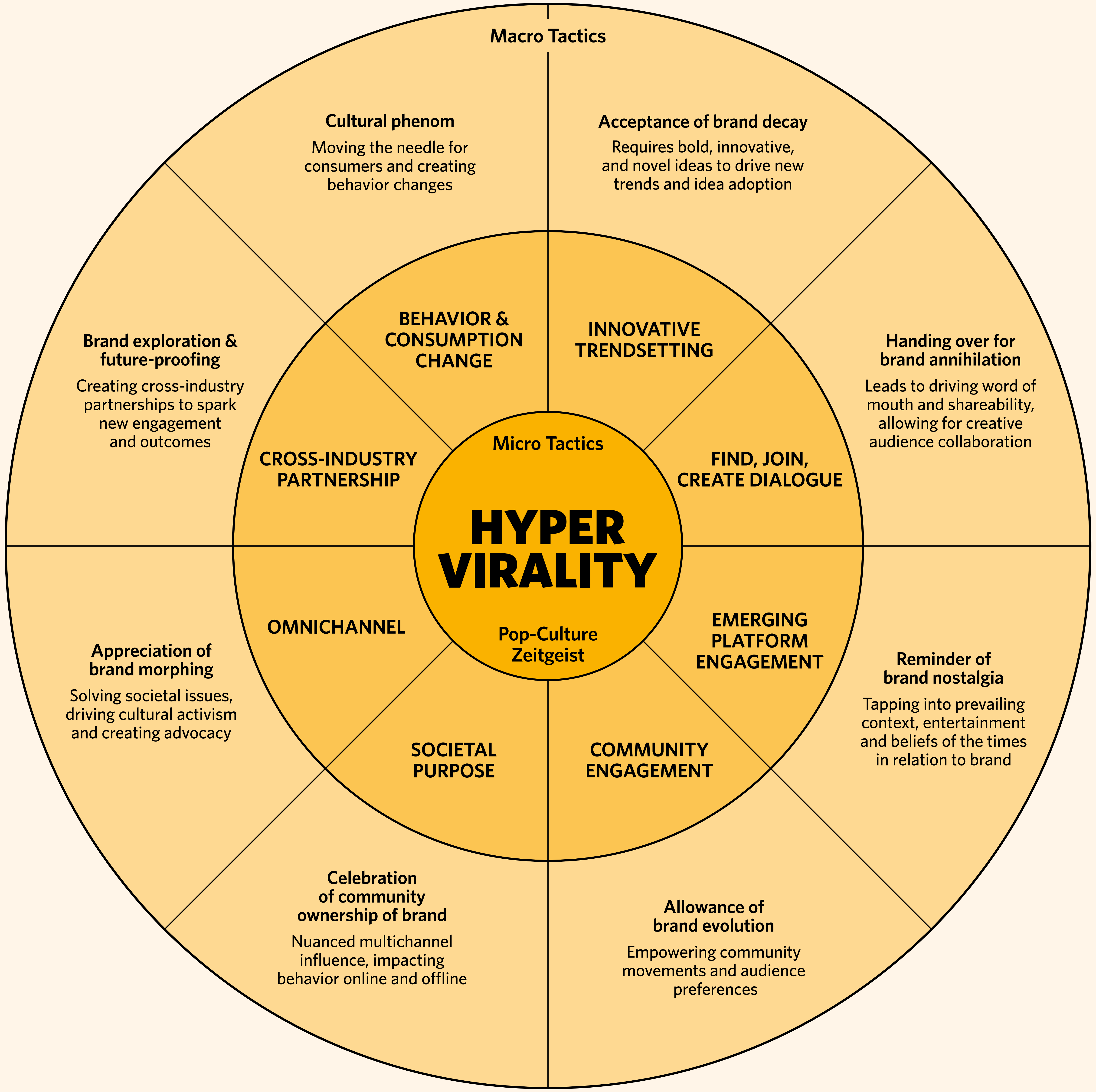


How do you figure out where you are in your journey?

By connecting with Gen Z through culture, we can create touchpoints that help to build loyalty in commerce and beyond.



CULTURE TO CLICK-THROUGH



CONCLUSION

A connected commerce experience drives retail capabilities

Combining all the attributes of **physical** stores with **digital** channels

What's clear from our findings is that the shopping landscape is evolving at the speed of culture, and so is consumer expectation (Future Retail Disruption, 2024. But, this presents vast opportunities for brands.

Combining all the attributes of physical stores with digital channels to create a rich, unified and connected brand experiences is increasingly becoming a core expectation of Gen Z. Thus, converting single-channel shoppers to omnichannel purchasing behavior drives enhanced metrics on spend, loyalty and engagement.

MOTIVATIONS

When we look at the motivations to purchase of Gen Z, we can see that they are no longer driven by the classic principles dictated by brand **love**. While some brands want to build long-term brand love, it takes time, long-term investment, and leadership who prioritize brand metrics.

Alternatively, an option for building new communities and brand fandoms is brand **lust**, but, to drive meaningful brand lust, we must understand and learn how to navigate culture to click-through.

BUILDING BRANDS THROUGH CULTURE

To do that, we believe asking the following questions is necessary:

1

Are you immersed?

How well do you understand the culture codes of your audience, and the environments that they gravitate to?

2

Are you creating true cultural collision?

What areas of interest can you authentically show up in, or brands to partner with to ignite earned conversations?

3

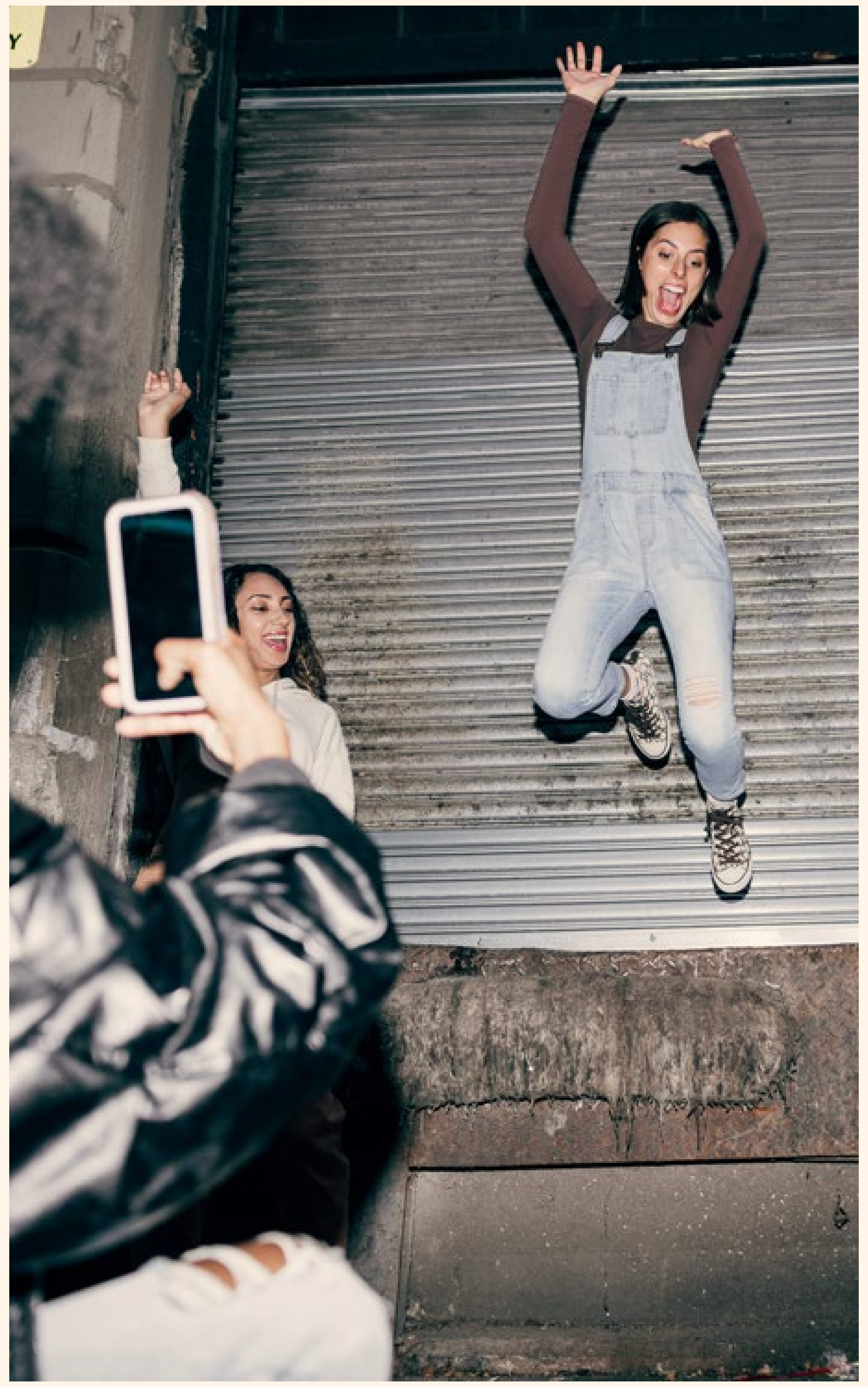
Are you (not) entertained?

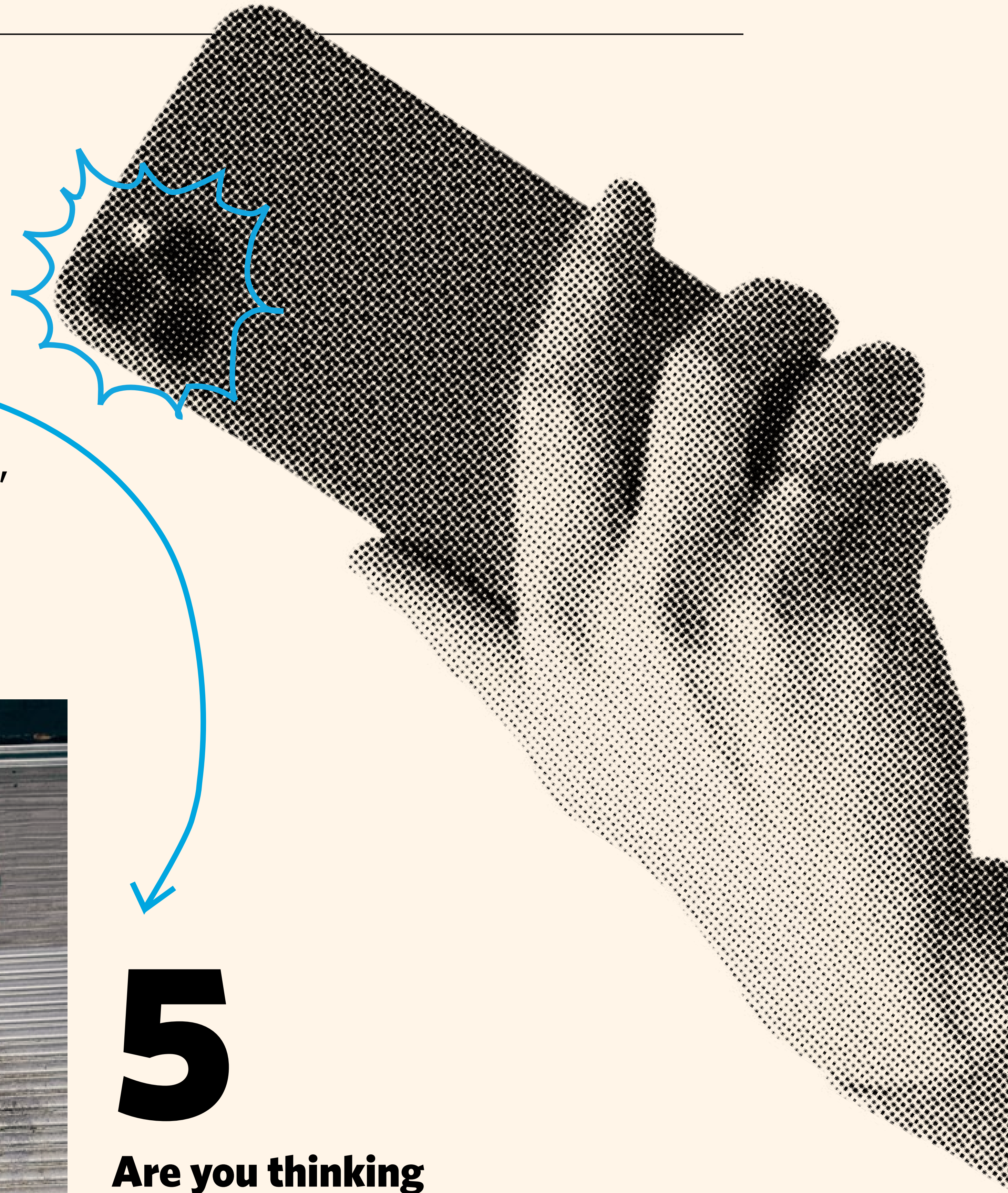
How bold can you be to show up unexpectedly, entertain and ignite conversations about your brand?

4

Where and who is the hype coming from?

How do we use social channels, influencers, media, online and offline experiences to help build hysteria, talkability and cultural traction?





5

Are you thinking community-first?

Gen Zs say that their favourite brands are the ones that make them feel like they're part of a community. What special tactics have you got to help Gen Z feel special and part of the inner-circle? How do we make them feel like creators as well as customers so that they feel authentically part of your brand world?

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Check it out

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